

## Message Text

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C O N F I D E N T I A L BANGKOK 15347

E. O. 11652: GDS

TAGS: SNAR, EAID, TH

SUBJ: CONGRESSMAN WOLFF'S QUERY ON GEM CUTTING PROGRAM

REF: STATE 190587

1. WILLIAM KLAUSNER OF ASIA FOUNDATION OFFICE HERE INFORMS US THAT THE FOUNDATION'S INVOLVEMENT IN THE PROJECT TO WHICH LESTER WOLFF REFERS CONSISTED OF A 50,000 BAHT CONTRIBUTION FOR A SINGLE THREE MONTH GEM CUTTING TRAINING PROGRAM TO ASCERTAIN HILLTRIBESMEN'S APTITUDES FOR THIS SKILL AND THE APPROPRIATENESS OF THE TRADE TO SUPPLANT INCOME FROM OPIUM POPPY CULTURE. THE ASIA FOUNDATION CONTRIBUTION COVERED LABOR COSTS, THE SUPPLY OF CUTTING MACHINES FOR THE TRAINEES, AND THE HONORARIUMS FOR INSTRUCTOR PERSONNEL.

2. THE ASIA FOUNDATION CONSIDERS THE PROGRAM TO HAVE BEEN SUCCESSFUL. OF THE TWELVE KAREN MALE TRAINEES IN THE ORIGINAL PILOT PROJECT, TWO ARE REPORTED TO HAVE CONTINUED AS GEM CUTTERS. THE ASIA FOUNDATION CONSIDERS THIS A PRETTY GOOD BATTING AVERAGE GIVEN THE NEWNESS OF THE WHOLE IDEA. THE KARENS EVINced AN APTITUDE FOR BECOMING, AND A DETERMINATION TO ACQUIRE A PROFICIENCY AS, LAPIDARIES. ECONOMICALLY IT WAS ALSO APPARENT THAT AN INDIVIDUAL COULD EARN MORE AS A LAPIDARY THAN AS AN OPIUM CULTIVATOR.

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3. ON THE STRENGTH OF THIS PILOT PROJECT, THE MINISTRY

OF INDUSTRY FOLLOWED ON AND CONDUCTED A SIMILAR PROGRAM IN MAE HONG SON PROVINCE. THE MINISTRY CURRENTLY HAS A BUDGET ALLOCATION FOR ANOTHER TRAINING PROGRAM IN CHIANG SAEN DISTRICT OF CHIANG RAI PROVINCE. WE DO NOT YET HAVE ANY EVALUATION OF THE MAE HONG SON PROJECT. WE WILL CHECK INTO AND REPORT ON THE MINISTRY OF INDUSTRY'S VIEWS ON BOTH THE MAE HONG SON AND CHIANG SAEN PROJECTS.

4. WE ARE AWARE, HOWEVER, OF SOME PROBLEMS WITH THE FOLLOW-UP TO THE ORIGINAL ASIA FOUNDATION PROJECT. ONE HAS INVOLVED DIFFICULTIES WITH THE HILLTRIBE DIVISION OF THE DEPARTMENT OF PUBLIC WELFARE; ANOTHER HAS BEEN AN INADEQUATE BUDGET. A THIRD AND MORE SERIOUS PROBLEM HAS INVOLVED DIFFICULTIES IN MARKETING THE FINISHED PRODUCT.

5. THE PILOT PROJECT WAS LAUNCHED WITH THE COOPERATION OF THE THAI LAPIDARY COMPANY IN BANGKOK WHICH AGREED TO SELL THE RAW STONES AND TO BUY THE FINISHED PRODUCTS, BOTH AT THE PREVAILING MARKET PRICE. PERHAPS SOMETHING HAS GONE AWRY IN THIS ARRANGEMENT BECAUSE THE MINISTRY OF INDUSTRY MENTIONED MARKETING AS ONE OF THE BIG PROBLEMS IN A SEPTEMBER 26 CONVERSATION WITH KLAUSNER. ANOTHER PROBLEM REPORTEDLY INVOLVES THE NECESSITY FOR THE INDIVIDUAL TRIBESMEN WHO FINISHED THE TRAINING PROGRAM TO PURCHASE THEIR OWN GEM CUTTING MACHINES AT APPROXIMATELY 900 BAHT APIECE.

6. WE HAVE NO INFORMATION ON WHETHER THE TWELVE TRAINEES GREW OPIUM BEFORE PARTICIPATING IN THE PROJECT OR WHETHER THE TEN WHO HAVE APPARENTLY ABANDONED GEM CUTTING ARE NOW GROWING OPIUM. GENERALLY SPEAKING THE KAREN, WHO COMPRISED THE FIRST GROUP, ARE NOT POPPY GROWERS. WE THEREFORE BELIEVE IT IS SAFE TO ASSUME THAT THESE TWELVE TRAINEES WERE NOT AND ARE NOT GROWING OPIUM.

7. BEYOND THE SPECIFIC PROBLEMS MENTIONED ABOVE, THERE IS AN INHERENT LIMITATION IN THE EXPENDABILITY OF  
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TECHNICAL TRAINING OF THIS SORT. THE GEM TRADE SIMPLY CANNOT ABSORB A LARGE QUANTUM EXPANSION OF THE NUMBER OF LAPIDARIES. THUS EVEN AT ITS MOST SUCCESSFUL, A PROGRAM OF THIS SORT COULD NOT REALISTICALLY EXPECT TO TRAIN AND FIND GAINFUL EMPLOYMENT FOR MORE THAN A FEW SCORE ERSTWHILE POPPY CULTIVATORS. A LAPIDARY PROJECT COULD HAVE VALUE AS AN INCOME SUBSTITUTION PROGRAM IF THE COSTS WERE NOT TOO HIGH. ON THE BASIS

OF WHAT WE KNOW, HOWEVER, WE DOUBT THAT SUCH A PRO-  
GRAM COULD HAVE ANYTHING APPROACHING A SIGNIFICANT  
IMPACT ON A MAJOR SCALE.  
MASTERS

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